

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



MIN XIN HOLDINGS LIMITED

閩信集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 222)

ANNOUNCEMENT OF 2016 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to shareholders amounted to HK\$192 million, a decrease of 46.1%
- Excluding the impact of the gain on dilution and decrease in share of results affected by dilution in shareholding in XIB in aggregate of HK\$130.32 million, profit attributable to shareholders decreased by 11.9%
- Basic earnings per share reached 41.71 HK cents, a decrease of 46.1%
- Total assets increased by 12.6% to HK\$6.63 billion
- Total equity attributable to shareholders dropped by 1.7% to HK\$5 billion

The board (the “Board”) of directors (the “Directors”) of Min Xin Holdings Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2016 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016

		Unaudited	
		Six months ended 30 June	
		2016	2015
	Note	HK\$'000	HK\$'000
Turnover	2	50,287	63,612
Total revenues	2	58,133	72,867
Other (losses)/gains – net	3	(5,924)	90,111
Total operating income		52,209	162,978
Net insurance claims incurred and commission expenses incurred on insurance business		(20,222)	(20,447)
Impairment loss on loans to customers and interest receivable		(28,167)	(52,883)
Staff costs		(16,665)	(15,388)
Depreciation		(726)	(697)
Other operating expenses		(8,397)	(9,387)
Total operating expenses		(74,177)	(98,802)
Operating (loss)/profit	4	(21,968)	64,176
Finance costs	5	(11,165)	(7,153)
Share of results of associates		234,545	294,359
Profit before taxation		201,412	351,382
Income tax (expense)/credit	6	(9,803)	4,190
Profit for the period		191,609	355,572
		HK CENTS	HK CENTS
Earnings per share			
Basic and diluted	7	41.71	77.39

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Profit for the period	191,609	355,572
Other comprehensive income		
Items that may be reclassified subsequently to income statement:		
Available-for-sale investment revaluation reserve		
Fair value changes (charged)/credited to equity	(115,140)	454,707
Deferred income tax	33	–
Release on disposal	(43)	–
Release on dilution of interest in an associate	–	(18,043)
	(115,150)	436,664
Exchange translation reserve		
Exchange differences arising on translation of the financial statements of foreign subsidiaries and associates	(108,441)	380
Release on disposal of an associate classified as held for sale	(1,804)	–
Release on dilution of interest in associates	–	(22,566)
	(110,245)	(22,186)
Share of other comprehensive income of associates	(29,582)	28,545
Other comprehensive income for the period, net of tax	(254,977)	443,023
Total comprehensive income for the period	(63,368)	798,595

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		Unaudited 30 June 2016	Audited 31 December 2015
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		18,688	19,061
Investment properties		177,403	179,215
Associates		3,267,877	3,263,977
Available-for-sale financial assets		613,530	728,713
Held-to-maturity financial assets		3,092	–
Loans to customers and interest receivable	10	764	1,519
Reinsurance assets		4,905	2,479
Temporary payment for capital contribution in an associate		794,976	–
Prepayments		1,500	1,549
Deferred income tax assets		7,897	6,746
		4,890,632	4,203,259
Current assets			
Deferred acquisition costs		16,571	15,061
Insurance receivable	9	19,755	15,591
Reinsurance assets		1,226	2,376
Loans to customers and interest receivable	10	167,546	190,659
Dividend receivable from an associate		123,292	–
Other debtors		4,596	4,268
Prepaid taxes		1,224	1,253
Other prepayments and deposits		3,125	2,606
Repossessed assets		2,678	–
Financial assets at fair value through profit or loss		7,989	8,095
Cash and bank balances		1,388,390	1,432,106
		1,736,392	1,672,015
Assets classified as held for sale		–	12,698
		1,736,392	1,684,713
Current liabilities			
Insurance contracts		57,542	53,806
Insurance payable	11	10,969	8,818
Other creditors and accruals		22,266	25,021
Bank borrowings		704,819	113,734
Current income tax payable		38,051	25,444
Dividend payable		22,971	–
		856,618	226,823
Net current assets		879,774	1,457,890
Total assets less current liabilities		5,770,406	5,661,149

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**As at 30 June 2016*

		Unaudited 30 June 2016	Audited 31 December 2015
	<i>Note</i>	HK\$'000	HK\$'000
Non-current liabilities			
Bank borrowings		702,224	502,116
Insurance contracts		32,647	33,844
Deferred income tax liabilities		38,645	41,960
		<u>773,516</u>	<u>577,920</u>
Net assets		<u>4,996,890</u>	<u>5,083,229</u>
Share capital		891,135	891,135
Other reserves		1,269,577	1,501,099
Retained profits			
Proposed dividend		–	22,971
Others		2,836,178	2,666,165
Amount recognised in other comprehensive income and accumulated in equity relating to assets held for sale		<u>–</u>	<u>1,859</u>
Total equity attributable to shareholders of the Company		<u>4,996,890</u>	<u>5,083,229</u>

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

These unaudited condensed consolidated interim financial statements should be read in conjunction with the 2015 annual report.

Except as described below, the accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the 2015 annual report.

The Group has adopted the following new standards and amendments to standards issued by the HKICPA which had insignificant or no effect on these unaudited condensed consolidated interim financial statements:

- | | |
|---|--|
| – HKFRS 14 | Regulatory Deferral Accounts |
| – Amendments to HKAS 1 | Disclosure Initiative |
| – Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| – Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants |
| – Amendments to HKAS 27 | Equity Method in Separate Financial Statements |
| – Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception |
| – Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations |
| – Annual Improvements to HKFRSs 2012 – 2014 Cycle | |

The financial information relating to the year ended 31 December 2015 that is included in this interim results announcement as comparative information does not constitute the Company’s statutory financial statements for that year but is extracted from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company had delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company's auditor had reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).

2 TURNOVER AND SEGMENTAL INFORMATION

The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Gross insurance premiums	31,491	36,604
Interest income from loans to customers (a)	13,808	21,697
Rental income from investment properties	4,988	5,311
	50,287	63,612
Movement in unearned insurance premiums	(1,091)	(8,494)
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	(3,100)	(2,874)
Other revenues		
Management fees	24	60
Interest income from bank deposits	11,788	19,896
Interest income from held-to-maturity financial assets	39	–
Dividend income from listed equity securities held for trading	142	187
Others	44	480
	12,037	20,623
Total revenues	58,133	72,867

- (a) The interest income from loans to customers for the period comprised an interest income accrued for impaired loans to customers of HK\$10,285,000 (2015: Nil).

The Group identifies its operating segments based on the reports reviewed internally by the chief operating decision-makers which include the Executive Board Committee and General Manager that are used to make strategic decisions, allocate resources and assess performance.

The reports to the chief operating decision-makers are analysed on the basis of business entities, investments held and investees. For business entities and investments held, operating performance evaluation and resources allocation are based on individual business activities operated and investments held by the Group. For investees, operating performance evaluation is based on individual investee of the Group.

The Group has the following reportable operating segments:

- Financial services: this segment includes the provision of micro credit business in Mainland China and the engagement of banking business through the Group’s major associates, Xiamen International Bank in Mainland China and Luso International Bank in Macau.
- Insurance: this segment includes the Group’s general insurance business in Hong Kong and Macau.
- Property development and investment: this segment includes the real estate development business and the leasing of high quality office space in Mainland China.
- Strategic investment: this segment represents the Group’s investment in A-Share of Huaneng Power International, Inc..
- Others: this segment includes results of operations not directly identified under other reportable segments and head office activities. Head office is also considered to be a segment as discrete financial information is available for the head office activities.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group’s chief operating decision-makers monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenues derived from customers, products and services directly identifiable with individual segment are reported directly under respective segments. All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions’ costs related to head office activities that cannot be reasonably allocated to other segments, products and services are grouped under head office. Transactions between segments are priced based on similar terms offered to or transacted with external parties. Inter-segment income and expenses are eliminated on consolidation. The measure used for reporting segment profit is “profit for the period”, i.e. profit after taxation of the business entities, net income generated from investments held and share of results of investees.

Segment assets include all tangible, intangible and current assets held by the business entities, net book value of investments held and share of net assets of and loans to investees. Segment liabilities include insurance liabilities, creditors and accruals, income tax payable and deferred tax liabilities attributable to individual segments and bank borrowings managed directly by the segments or directly related to those segments. An asset and a liability are grouped under same segment if the liability is collateralised by the asset. Dividend payable to shareholders of the Company is treated as unallocated liabilities in reporting segment assets and liabilities.

	Financial services		Insurance		Property development and investment		Strategic investment		Others		Inter-segment elimination		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Six months ended 30 June														
Turnover														
External customers	13,808	21,697	33,431	38,370	3,048	3,545	-	-	-	-	-	-	50,287	63,612
Inter-segments	-	-	-	-	-	-	-	-	1,959	2,003	(1,959)	(2,003)	-	-
	13,808	21,697	33,431	38,370	3,048	3,545	-	-	1,959	2,003	(1,959)	(2,003)	50,287	63,612
Movement in net unearned insurance premiums and reinsurance premiums ceded	-	-	(4,191)	(11,368)	-	-	-	-	-	-	-	-	(4,191)	(11,368)
Other revenues	798	4,622	878	1,018	-	409	-	-	10,361	14,574	-	-	12,037	20,623
Total revenues	14,606	26,319	30,118	28,020	3,048	3,954	-	-	12,320	16,577	(1,959)	(2,003)	58,133	72,867
Other gains/(losses) – net	70	73,071	4,342	15,662	(6,803)	875	-	-	(3,533)	503	-	-	(5,924)	90,111
Total operating income	14,676	99,390	34,460	43,682	(3,755)	4,829	-	-	8,787	17,080	(1,959)	(2,003)	52,209	162,978
Impairment loss on loans to customers and interest receivable	(28,167)	(52,883)	-	-	-	-	-	-	-	-	-	-	(28,167)	(52,883)
Operating expenses	(3,031)	(4,079)	(28,925)	(27,727)	(1,182)	(1,506)	-	-	(14,831)	(14,610)	1,959	2,003	(46,010)	(45,919)
Operating (loss)/profit	(16,522)	42,428	5,535	15,955	(4,937)	3,323	-	-	(6,044)	2,470	-	-	(21,968)	64,176
Finance costs	(566)	(2,117)	-	(60)	-	-	-	-	(10,599)	(4,976)	-	-	(11,165)	(7,153)
Share of results of associates	234,706	291,987	-	-	-	-	-	-	(161)	2,372	-	-	234,545	294,359
Profit/(loss) before taxation	217,618	332,298	5,535	15,895	(4,937)	3,323	-	-	(16,804)	(134)	-	-	201,412	351,382
Income tax (expense)/credit	(10,959)	8,473	(783)	(2,608)	3,850	(610)	-	-	(1,911)	(1,065)	-	-	(9,803)	4,190
Profit/(loss) for the period	206,659	340,771	4,752	13,287	(1,087)	2,713	-	-	(18,715)	(1,199)	-	-	191,609	355,572
Interest income	14,588	26,316	697	712	-	-	-	-	10,350	14,565	-	-	25,635	41,593
Depreciation for the period	222	238	108	83	-	-	-	-	396	376	-	-	726	697
At 30 June 2016 and 31 December 2015														
	Financial services		Insurance		Property development and investment		Strategic investment		Others		Consolidated			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
The Company and subsidiaries		1,159,911	263,051	225,838	215,626	88,831	95,694	612,939	727,920	1,271,628	1,321,704	3,359,147	2,623,995	
Investments in associates		3,227,996	3,224,389	-	-	-	-	-	-	39,881	39,588	3,267,877	3,263,977	
Total assets		4,387,907	3,487,440	225,838	215,626	88,831	95,694	612,939	727,920	1,311,509	1,361,292	6,627,024	5,887,972	
The Company and subsidiaries		791,649	2,328	108,237	102,594	38,151	41,874	-	-	669,126	657,947	1,607,163	804,743	
Unallocated liabilities														
Dividend payable												22,971	-	
Total liabilities		791,649	2,328	108,237	102,594	38,151	41,874	-	-	669,126	657,947	1,630,134	804,743	
Capital expenditure incurred during the period		-	9	385	222	-	-	-	-	8	23	393	254	

(b) Geographical information

The following table sets out the information about the geographical location of (i) the Group's revenues from external customers and (ii) the Group's property, plant and equipment, investment properties and investments in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and investment properties and the location of operations, in the case of investments in associates.

	Hong Kong		Mainland China		Macau		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended 30 June								
Revenues from external customers	13,693	21,182	16,876	25,248	19,718	17,182	50,287	63,612
At 30 June 2016 and 31 December 2015								
The Company and subsidiaries	104,543	99,592	91,458	98,586	90	98	196,091	198,276
Investments in associates	–	–	3,267,877	3,263,977	–	–	3,267,877	3,263,977
Specified non-current assets	104,543	99,592	3,359,335	3,362,563	90	98	3,463,968	3,462,253

3 OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value (losses)/gains on listed equity securities measured at fair value through profit or loss	(72)	391
(Losses)/gains on disposal of listed equity securities measured at fair value through profit or loss	(21)	231
Fair value (losses)/gains on revaluation of investment properties	(1,812)	15,876
Gain on disposal of an associate classified as held for sale	1,858	–
Gain on dilution of interest in associates	–	73,333
Gain on disposal of available-for-sale financial assets	70	–
Net exchange (losses)/gains	(5,947)	280
	(5,924)	90,111

4 OPERATING (LOSS)/PROFIT

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating (loss)/profit is stated after crediting and charging the following:		
Crediting		
Net exchange gains	–	280
Rentals received and receivable from investment properties less direct outgoings	4,290	4,329
Charging		
Depreciation	726	697
Loss on disposal of property, plant and equipment	18	120
Operating lease rentals in respect of land and buildings	317	256
Management fee	940	940
Net exchange losses	5,947	–
Retirement benefit costs	529	464
	<u>5,947</u>	<u>4,329</u>

5 FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans	11,165	7,093
Interest on margin loans	–	60
	<u>11,165</u>	<u>7,153</u>

6 INCOME TAX EXPENSE/(CREDIT)

The amount of taxation charged/(credited) to the unaudited condensed consolidated income statement represents:

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong profits tax	223	222
Mainland China corporate income tax	1,647	800
Mainland China withholding tax	12,329	–
Macau taxation	215	74
	<u>14,414</u>	<u>1,096</u>
Under provision in prior years		
Mainland China corporate income tax	–	228
	<u>–</u>	<u>228</u>
Deferred tax		
Relating to the origination and reversal of temporary differences	(4,611)	(5,514)
	<u>(4,611)</u>	<u>(5,514)</u>
Income tax expense/(credit)	<u>9,803</u>	<u>(4,190)</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the period.

Mainland China corporate income tax has been calculated at the rate of 25% (2015: 25%) on the estimated taxable profits for the period.

Mainland China withholding tax is levied at 10% on dividend income received from investees incorporated in Mainland China when these investees declared dividend out of profits earned after 1 January 2008.

Taxation on Macau profits has been calculated on the estimated taxable profits for the period at the rates of taxation prevailing in Macau.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2016 of HK\$191,609,000 (2015: HK\$355,572,000) and the weighted average of 459,428,656 (2015: 459,428,656) shares in issue during the period.

The Group has no dilutive potential shares in issue during the current and prior periods and therefore diluted earnings per share is the same as basic earnings per share for the periods presented.

8 DIVIDEND

The Board of Directors has resolved that no interim dividend be declared for the six months ended 30 June 2016 (2015: Nil).

9 INSURANCE RECEIVABLE

The credit period for the majority of insurance receivable normally ranges from 90 to 120 days. The credit terms of insurance receivable, including whether guarantees from third parties are required, are determined by senior management.

At 30 June 2016 and 31 December 2015, the ageing analysis of insurance receivable by invoice date was as follows:

	30 June 2016	31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	7,335	7,927
31-60 days	4,691	2,793
61-90 days	4,071	2,612
Over 90 days	3,658	2,259
	<u>19,755</u>	<u>15,591</u>

10 LOANS TO CUSTOMERS AND INTEREST RECEIVABLE

	30 June 2016	31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Micro credit business		
– guaranteed micro loans	160,987	161,828
– secured micro loans	153,075	162,057
– pledged and guaranteed micro loans	11,186	11,456
– secured, pledged and guaranteed micro loans	6,576	6,918
	<hr/>	<hr/>
Loans to customers	331,824	342,259
Interest receivable	12,344	12,053
	<hr/>	<hr/>
	344,168	354,312
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Impairment allowances		
– individually assessed	(173,751)	(159,602)
– collectively assessed	(2,107)	(2,532)
	<hr/>	<hr/>
	(175,858)	(162,134)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	168,310	192,178
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Analysed for reporting purposes		
– Non-current assets	764	1,519
– Current assets	167,546	190,659
	<hr/>	<hr/>
	168,310	192,178
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

At 30 June 2016 and 31 December 2015, the loan contract period of the loans to customers by date of loans granted was as follows:

	30 June 2016	31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	–	2,172
31-90 days	11,685	15,824
91-180 days	111,595	121,945
181-365 days	207,763	200,766
Over 365 days	781	1,552
	<hr/>	<hr/>
	331,824	342,259
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

At 30 June 2016 and 31 December 2015, the credit quality of the loans to customers was summarised as follows:

	30 June 2016	31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	2,428	48,615
Past due but not impaired	51,087	25,075
Individually impaired	278,309	268,569
	<u>331,824</u>	<u>342,259</u>

At 30 June 2016 and 31 December 2015, the ageing analysis of the past due but not impaired loans to customers was as follows:

	30 June 2016	31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	16,734	149
31-60 days	12,477	164
61-90 days	–	1,790
Over 90 days	21,876	22,972
	<u>51,087</u>	<u>25,075</u>

At 30 June 2016 and 31 December 2015, the ageing analysis of individually impaired loans to customers was as follows:

	30 June 2016	31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	2,952	42,838
91-180 days	16,896	24,046
181-365 days	61,581	141,659
Over 365 days	196,880	60,026
	<u>278,309</u>	<u>268,569</u>

At 30 June 2016 and 31 December 2015, the ageing analysis of overdue interest receivable arising from the loans to customers by due date was as follows:

	30 June 2016	31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	361	410
31-60 days	31	583
61-90 days	150	642
Over 90 days	11,802	10,418
	<u>12,344</u>	<u>12,053</u>

At 30 June 2016 and 31 December 2015, the ageing analysis of the past due but not impaired interest receivable arising from the loans to customers was as follows:

	30 June 2016	31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	351	25
31-60 days	3	95
61-90 days	28	93
Over 90 days	898	836
	<u>1,280</u>	<u>1,049</u>

11 INSURANCE PAYABLE

At 30 June 2016 and 31 December 2015, the ageing analysis of insurance payable by invoice date was as follows:

	30 June 2016	31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	4,288	3,880
31-60 days	2,659	1,915
61-90 days	2,083	1,801
Over 90 days	1,939	1,222
	<u>10,969</u>	<u>8,818</u>

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the interim results of the Company and its subsidiaries for the six months ended 30 June 2016.

We faced a volatile international markets and weak economic growth environment in the first half of 2016. The process of economic deleveraging is continuing in Mainland China to moderate the pace of expansion. The shift from economy driven largely by investment and exports to a consumer and services-driven economy will remain as a challenge to the GDP growth in Mainland China. We expect that the macroeconomic policies and initiatives implemented by the central government will minimise the risk of a sharper slowdown of economy and generate new opportunities for business growth.

In the first half of 2016, the Group's unaudited profit attributable to shareholders was HK\$191.61 million, representing a decrease of 46.1% as compared to HK\$355.57 million in the same period of 2015. Such decrease was mainly due to the absence of one-off gain on dilution of shareholding in Xiamen International Bank ("XIB") recorded in the first half of 2015 and the decrease in share of results of XIB as a result of the dilution of our shareholding in XIB. Basic earnings per share amounted to 41.71 HK cents for the period.

Ongoing effects of the economic transition and deleveraging process in Mainland China impacted on our micro credit business and the loan quality was further deteriorated. We had stopped new micro credit business during the period and put all efforts to recover non-performing loans. We have proactively promoted the brand name of our insurance arm in order to deepen relationships with customers and gradually strive for new profitable business in Hong Kong and Macau. We had launched our brand new "Min Xin Personal Accident Comprehensive Insurance Plan" and "Min Xin Home Package Insurance" in Hong Kong and Macau in the second quarter of 2016 to further strengthen and diversify our client portfolio.

Our shareholding in XIB had been further diluted from 14.8005% to 10.6289% in the second half of 2015, which led to a decrease in share of results of XIB from HK\$291.99 million in the first half of 2015 to HK\$234.71 million during the period, notwithstanding XIB had achieved satisfactory growth in its operating results for the period. In order to minimise the dilution effect on the results of the Group, we had entered into the capital contribution agreement with XIB, pursuant to which the Company agreed to conditionally subscribe for 140 million shares of XIB subject to the fulfillment of the conditions precedent, including but not limited to the approval from relevant government and regulatory authorities.

Overall asset quality of the Group remains stable. Total assets stood at HK\$6.63 billion, representing an increase of 12.6% as compared to the end of 2015. As an investment-based company, total assets of our banking business accounted for 62.6% of the Group's total assets and results contributed by banking business represented 115.8% of the Group's profit attributable to shareholders.

Looking forward into the second half, it is expected that Mainland China will continue to face challenges of slow economic growth and weak retail consumption sentiment. Volatility in the international markets and the ongoing effects of deleveraging process in Mainland China will impact the economic growth in the Greater China region. We will deploy our resources to enhance efficiency and strive for new business to achieve increasing value for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We faced a volatile international markets and weak economic growth environment in the first half of 2016. The slower pace of economic growth and ongoing deleveraging process impacted on our business.

Operating Results

In the first half of 2016, the Group achieved unaudited profit attributable to shareholders of HK\$191.61 million, representing a decrease of 46.1% as compared to HK\$355.57 million in the same period of 2015. Basic earnings per share amounted to 41.71 HK cents for the period, a decrease of 35.68 HK cents as compared to the same period of 2015.

XIB issued new shares to further enlarge its share capital in June 2015 and the Company's shareholding in XIB had been diluted from 14.8005% to 10.6289%. Accordingly the Group recorded a one-off gain on dilution of shareholding in XIB of HK\$73.04 million in the first half of 2015. The Group's share of results of XIB for the first half of 2016 decreased by HK\$57.28 million due to the dilution of the Company's shareholding in XIB, notwithstanding a satisfactory growth in operating results was achieved by XIB for the first half of 2016 as compared to the same period of 2015. Excluding the impact of the gain on dilution and decrease in share of results affected by dilution of shareholding in XIB in aggregate of HK\$130.32 million, the unaudited profit attributable to shareholders decreased by HK\$33.65 million or 11.9% as compared to the same period of 2015.

Financial Services

The financial services business of the Group includes the provision of micro credit business in Mainland China and the engagement of banking business, through its major associates, XIB and Luso International Bank (“LIB”) (“XIB Group”) in Mainland China and Macau respectively.

In the first half of 2016, the Group’s financial services business reported an unaudited profit after tax of HK\$206.66 million, a decrease of 39.4% as compared to HK\$340.77 million in the same period of 2015. Excluding the impact of the gain on dilution and decrease in share of results affected by dilution of shareholding in XIB in aggregate of HK\$130.32 million, a decrease of 1.4% as compared to the same period of 2015.

Banking Business

XIB endeavors to deliver diversified, personalised and comprehensive financial products and services to its customers. XIB takes proactive marketing strategy to promote customer experience and deepen ties with existing clients and reach new target customers more effectively. In the first half of 2016, XIB once again achieved a sustainable growth and delivered an increasing value for its shareholders.

XIB reported an unaudited profit attributable to equity holders prepared in accordance with the PRC Accounting Standards of RMB1.87 billion, an increase of RMB0.29 billion, or 18.7%, as compared to RMB1.58 billion recorded in the same period of 2015. Net interest income continued to grow and recorded an increase of 29.8% in the first half of 2016, mainly driven by the growth of loan portfolio and the income brought by new business.

At 30 June 2016, the total assets grew by 11.2% to RMB510.62 billion as compared to RMB459.2 billion at the end of 2015. Gross loans to customers were RMB187.66 billion, an increase of 22.2% as compared to RMB153.59 billion at the end of 2015. XIB substantially grew its loans portfolio while continuing to uphold good asset quality with non-performing loan ratio less than 1%. Total deposits from customers were up 5.8% to RMB328.24 billion from RMB310.34 billion at the end of 2015.

During the period, XIB proposed to issue 2 billion new shares at RMB4.8 per share to a list of approved investors, including the Company, for a consideration of RMB9.6 billion. The Company entered into the capital contribution agreement with XIB on 21 June 2016, pursuant to which the Company agreed to conditionally subscribe for 140 million shares of XIB at a consideration of RMB672 million. Completion of the transaction is subject to the fulfillment of the conditions precedent of the capital contribution agreement, including but not limited to the approval from relevant government and regulatory authorities.

Micro Credit Business

Sanming Sanyuan District Minxin Micro Credit Company Limited (“Minxin Micro Credit”), a wholly-owned subsidiary of the Company, is engaged in the provision of micro loans to small and medium-sized enterprises and individuals in Sanming City, Fujian Province.

In a challenging operating conditions and stringent liquidity environment in third-tier and fourth-tier cities, like Sanming City, the loan quality of Minxin Micro Credit had further deteriorated in the first half of 2016. Defaults and delinquencies by small and medium size enterprises had worsened due to the ongoing economic deleveraging and slowdown in growth rate of gross domestic product. Shortage of operating funds faced by borrowers led to default in interest payment and principal repayment. The non-performing loan ratio of Minxin Micro Credit stood at 83.9%, was up 5.4 percentage points as compared to the end of 2015.

At 30 June 2016, loans to customers were RMB284.78 million (equivalent to HK\$331.82 million), a decrease of 0.7% from RMB286.81 million (equivalent to HK\$342.26 million) at the end of 2015. These loans mainly comprised secured, pledged and guaranteed loans. In view of the widespread of default in interest payment and principal repayment and based on the overdue loans to customers at the reporting date, the Group had increased the impairment allowances on loans and interest receivable to RMB150.93 million (equivalent to HK\$175.86 million) at 30 June 2016, increased by RMB15.06 million or 11.1%, as compared to RMB135.87 million (equivalent to HK\$162.13 million) at the end of 2015. Allowances to total loans (included interest receivable) ratio was 51.1% at 30 June 2016, was up 5.3 percentage points as compared with 45.8% at the end of 2015.

Minxin Micro Credit reported interest income generated from loans of RMB2.97 million (equivalent to HK\$3.52 million) during the period, a decrease of 83% as compared with RMB17.42 million (equivalent to HK\$21.7 million) in the first half of 2015, mainly due to the significant increase in non-performing loans over the past two years. Impairment allowances on loans and interest receivable of RMB15.06 million (equivalent to HK\$17.88 million) were recorded during the period, a decrease of 64.5% as compared to RMB42.45 million (equivalent to HK\$52.88 million) in the first half of 2015. Minxin Micro Credit recorded an unaudited loss after tax of RMB12.76 million (equivalent to HK\$15.15 million) during the period, a decrease of 38.3% as compared to RMB20.7 million (equivalent to HK\$25.79 million) in the first half of 2015, mainly due to the decrease in impairment allowances on loans and interest receivable.

Minxin Micro Credit had stopped new micro credit business from May 2016 and put all efforts to recover non-performing loans. Minxin Micro Credit had sued against several borrowers who were delinquent in interest and principal repayment and had successfully taken possession of a pledged asset during the period. The management of Minxin Micro Credit will further increase resources and efforts to recover non-performing loans in the second half.

Insurance Business

Min Xin Insurance Company Limited (“Min Xin Insurance”), a wholly-owned subsidiary of the Company, underwrites general insurance businesses in Hong Kong and Macau.

Min Xin Insurance recorded gross insurance premium of HK\$31.49 million in the first half of 2016, decreased by 14% as compared to HK\$36.6 million in the first half of 2015, mainly due to the cessation of Construction EC business from the second half of 2015. Excluding the impact of such cessation, gross insurance premium for the period was up by 27.7% in the first half of 2016. The Macau insurance business performed well and achieved a 14.8% increase in gross insurance premium in the first half of 2016. The Hong Kong insurance business showed a sign of improvement and the gross insurance premium grew by 59.1% in the first half of 2016, excluding the impact of the cessation of Construction EC business.

Min Xin Insurance has focused on short-term and relatively lower risk insurance business after cessation of Construction EC business from the second half of 2015. Underwriting profit before deducting management expenses for underwriting business of HK\$7.08 million, increased by 47.8% as compared to HK\$4.79 million in the first half of 2015, mainly due to the growth of Macau bancassurance business and improved claims experience. Min Xin Insurance recorded an underwriting profit of HK\$1.87 million in the first half of 2016, achieved a turnaround in its results of core business as compared to the underwriting loss of HK\$0.53 million in the first half of 2015, if management expenses for underwriting business are included.

Min Xin Insurance recorded an unaudited profit after tax of HK\$4.75 million during the period, a decrease of 64.2% from HK\$13.29 million in the first half of 2015, mainly due to the decrease in net gains generated from revaluation of investment properties.

Min Xin Insurance had launched its brand new “Min Xin Personal Accident Comprehensive Insurance Plan” and “Min Xin Home Package Insurance” in Hong Kong and Macau in the second quarter of 2016 to further strengthen and diversify its client portfolio. More than a hundred guests attended the Product Launch Cocktail Reception held at World Trade Centre Club Hong Kong on 31 March 2016.

In order to accelerate its re-branding project in 2016, Min Xin Insurance and Professional Insurance Brokers Association had jointly organised a happy hour gathering in July 2016. More than a hundred members of Professional Insurance Brokers Association joined the gathering and the cocktail party passed off well. Management of Min Xin Insurance will closely follow up with broker firms who have intention to cooperate with us.

Property Development and Investment

The property development and investment business of the Group mainly comprises the real estate development business and the leasing of certain investment properties in Mainland China. In the first half of 2016, the property development and investment business reported an unaudited loss after tax of HK\$1.09 million, mainly due to the revaluation loss of investment properties for the period, while an unaudited profit after tax of HK\$2.71 million was reported in the first half of 2015.

The Group was able to maintain a satisfactory rental income from its commercial properties and car parks in Fuzhou, Fujian Province (the “Fuzhou Property”). The Group recorded a rental income of RMB2.6 million in the first half of 2016, was down 15% as compared to RMB3.06 million in the first half of 2015. The market rental income in Fuzhou had generally declined due to over supply of office building. At 30 June 2016, the fair value of the Fuzhou Property was RMB76.11 million, a decrease of 4.9% as compared to the fair value of RMB80.04 million at the end of 2015. The Group recorded a fair value loss of HK\$6.83 million and a fair value loss after deferred tax of HK\$2.98 million in the first half of 2016, as compared to a fair value gain of HK\$0.88 million and a fair value gain after deferred tax of HK\$0.27 million in the first half of 2015.

Investment in Huaneng Power International, Inc. (“Huaneng Shares”)

At 30 June 2016, the Shanghai Composite Index decreased by about 17.2% as compared to that at the end of 2015. In line with the index movement, the closing bid price of Huaneng’s A-share also declined from RMB8.72 per share at 31 December 2015 to RMB7.52 per share at 30 June 2016. The fair value of the Group’s investment in Huaneng Shares measured with reference to the closing bid price of Huaneng’s A-Share stood at HK\$612.94 million (equivalent to RMB526.04 million). In the first half of 2016, the loss of HK\$114.98 million arising from the change in its fair value (first half of 2015: gain of HK\$454.71 million) was recorded in other comprehensive income and accumulated separately in equity in the investment revaluation reserve.

Being classified as a long term available-for-sale financial asset of the Group, Huaneng Shares generate a stable dividend income to the Group. During the first half of 2016, Huaneng declared a final dividend for 2015 of RMB0.47 per share with ex-dividend date on 8 July 2016. The Group will record such dividend income totaling RMB32.88 million (equivalent to HK\$38.31 million) in the second half, as compared to the final dividend for 2014 of RMB0.38 per share totaling RMB26.58 million (equivalent to HK\$33.22 million) recorded by the Group in the second half of 2015.

Huaneng has announced its 2016 interim results under the PRC Accounting Standards. Its operating revenue decreased by 19% as compared to the first half of 2015, while its operating expenses have also reduced by 16.7% as compared to the first half of 2015. Its profit attributable to equity holders has decreased by 30.5% to RMB6.29 billion with earnings per share of RMB0.41 for the first half of 2016, a decrease of 34.9% as compared to RMB0.63 per share in the first half of 2015.

FINANCIAL REVIEW

Net Asset Value per Share

The Group adheres to the principle of prudent financial management and strives to maintain a healthy financial position. Based on 459,428,656 shares in issue at 30 June 2016 (31 December 2015: 459,428,656 shares), the net asset value per share was HK\$10.88 at 30 June 2016 (31 December 2015: HK\$11.06).

Total Liabilities to Equity Ratio and Current Ratio

At 30 June 2016, the total liabilities of the Group were HK\$1,630.13 million (31 December 2015: HK\$804.74 million) and the ratio of total liabilities to total equity attributable to shareholders of the Company was 32.6% (31 December 2015: 15.8%). At 30 June 2016, the current assets and current liabilities of the Group were HK\$1,736.39 million (31 December 2015: HK\$1,672.02 million) and HK\$856.62 million (31 December 2015: HK\$226.82 million) respectively with a current ratio of 2 (31 December 2015: 7.4).

Borrowings and Charged Assets

The Group monitors its liquidity requirement on a short to medium term basis and arranges refinancing of the Group's borrowings as appropriate.

At 30 June 2016, the Group's borrowings from local banks totaled HK\$1,420.82 million (31 December 2015: HK\$625.84 million), an increase of HK\$794.98 million as compared to the end of 2015. The maturity profile of the loans based on the scheduled repayment dates set out in the loan facilities is spread over a period of three years, with HK\$712.56 million repayable within one year, HK\$151.38 million repayable more than one year but within two years and HK\$556.88 million repayable more than two years but within five years. The loans of the Group are in Hong Kong dollars and subject to floating interest rates. The effective interest rate at 30 June 2016 ranged from 3% to 3.5% per annum (31 December 2015: 3.1% to 3.4% per annum).

At 30 June 2016, the secured portion of the bank loans were secured by the Group's bank deposits of RMB41 million (equivalent to HK\$47.77 million) (31 December 2015: RMB41 million, equivalent to HK\$48.93 million) placed with the lending banks and the self-use office building with a net book value of HK\$10.31 million (31 December 2015: HK\$10.44 million).

Save for the above, no other assets of the Group were pledged at 30 June 2016 and 31 December 2015 respectively.

Gearing Ratio

At 30 June 2016, the gearing ratio of the Group (total borrowings and advances divided by total net assets) was 28.2% (31 December 2015: 12.1%).

Cash Position

The Group's bank deposits are interest bearing at prevailing market rates. At 30 June 2016, the total bank deposits of the Group amounted to HK\$1,388.38 million (31 December 2015: HK\$1,432.1 million) of which 4.1% were in Hong Kong Dollars, 94.8% in Renminbi and 1.1% in other currencies (31 December 2015: 4.3% in Hong Kong Dollars, 94.7% in Renminbi and 1% in other currencies).

Pursuant to the requirements from the Office of the Commissioner of Insurance in Hong Kong (the "HKOCI"), a subsidiary shall maintain at all times a portion of its funds of not less than HK\$16 million in the name of Insurance Authority account in bank deposits. At 30 June 2016, that subsidiary has placed a fixed deposit of RMB13.9 million (equivalent to HK\$16.2 million) and HK\$1 million (31 December 2015: RMB13.9 million, equivalent to HK\$16.59 million and HK\$1 million) in the name of Insurance Authority account with a bank in Hong Kong for fulfillment of such requirements. That subsidiary has also maintained bank deposits of MOP14.1 million (equivalent to HK\$13.69 million), RMB3.68 million (equivalent to HK\$4.28 million) and HK\$1.2 million (31 December 2015: MOP13.4 million, equivalent to HK\$13.01 million and RMB3.68 million, equivalent to HK\$4.39 million) for fulfilling certain requirements under the Macau Insurance Companies Ordinance.

Risk of Exchange Rate Fluctuation

The Group operates in Hong Kong, Mainland China and Macau, the exposure in exchange rate risks mainly arises from currency fluctuations between Hong Kong Dollars and Renminbi. As the Hong Kong Dollars and Renminbi are both under managed floating systems, the Group reviews and monitors periodically its foreign currency exposure and considers hedging significant foreign currency exposure should the need arise. The Group did not enter into any derivative contracts aimed at minimising exchange rate risks during the first half of 2016.

Capital Commitments

At 30 June 2016, the Group's capital commitments relating to investment properties amounted to HK\$0.19 million (31 December 2015: HK\$0.2 million).

At 30 June 2016, the Group's capital commitments relating to the purchase of new computerised systems amounted to HK\$1.5 million (31 December 2015: HK\$1.63 million).

Investment Commitments

At 30 June 2016, a wholly-owned subsidiary of the Company had investment commitments relating to the contribution of RMB7.6 million (equivalent to HK\$8.86 million) (31 December 2015: RMB8.55 million, equivalent to HK\$10.2 million) to the registered capital of an associate principally engaged in the development and distribution of intelligent access door control system in Mainland China.

Contingent Liabilities

At 30 June 2016 and 31 December 2015, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2016, the Group had 74 employees. The remuneration of the employees is based on individual merits and experience. The Group also provides other benefits to the employees including retirement benefits and medical scheme.

The Group regards human resources as its valuable assets. The Group offers numerous employee benefits and group activities to our staff members. To motivate our employees to enhance and develop their professional knowledges and skills, the Group provides on-the-job trainings and workshops for our employees as well as encourages them to attend seminars and trainings with topics of relevance to their jobs and duties funded by the Group. The Group also organises recreational outings and wellness workshops on topics such as cooking and sports activities.

PROSPECTS

Looking forward into the second half, the slowdown of economic growth in Mainland China will remain as challenges to our banking and micro credit businesses. The Group will continue to put more efforts to recover non-performing loans of its micro credit business. In a competitive operating condition and deteriorated credit risk environment in Mainland China, the increasing solid capital base of XIB will support its ability to achieve long-term growth strategy and value for shareholders.

The Group has gradually diversified its insurance products and broadened its distribution channels during the first half of 2016 through effective and flexible promotion program. We have successfully acquired lower risk and reasonably priced business. The Group will continue to adopt prudent underwriting strategies and swiftly respond to the needs of our clients. The Group will also continue to deepen relationships with our clients and enhance service quality in order to acquire new business.

As an investment-based company with sound financial position, the Group will continue to develop and enlarge its financial services business in Greater China region in a profitable manner and target at investment opportunities in commercial lending and financing business in Mainland China.

CORPORATE GOVERNANCE

The Group is committed to ensuring high standard of corporate governance as the Directors believe that it would improve the effectiveness and efficiencies in the overall business performance of the Group such that the Group could become more competitive in the markets and could enhance shareholders' value in consequence.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the six months ended 30 June 2016 save as disclosed below:

CG Code A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive Directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Articles of Association.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standards set out in Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to the Listing Rules. Specific enquiry has been made to all the Directors of the Company and all Directors confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the period under review.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely, Mr. SZE Robert Tsai To (chairman of the Audit Committee), Mr. IP Kai Ming and Mr. SO Hop Shing.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed risk management, internal controls and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016 and this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the period under review. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period under review.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.minxin.com.hk. The interim report for the six months ended 30 June 2016 will be despatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
Min Xin Holdings Limited
PENG Jin Guang
Chairman

Hong Kong, 25 August 2016

As at the date of this announcement, the executive Directors of the Company are Messrs PENG Jin Guang (Chairman), WANG Fei (Vice Chairman), WENG Ruo Tong and LIU Cheng; the non-executive Directors are Messrs LIU Lun and HON Hau Chit; the independent non-executive Directors are Messrs IP Kai Ming, SZE Robert Tsai To and SO Hop Shing.